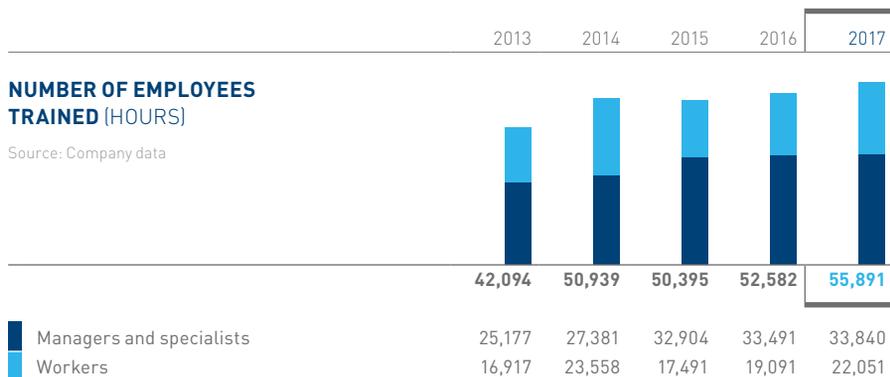
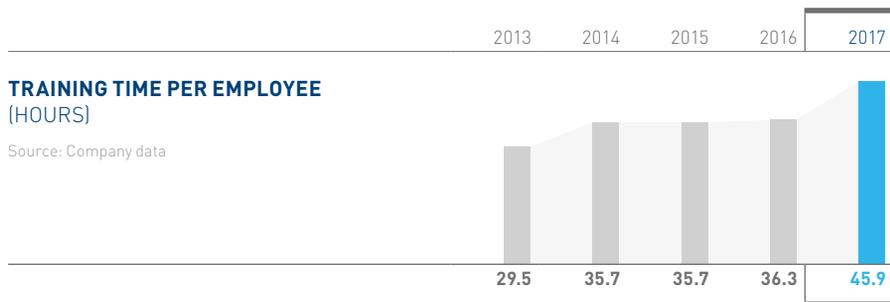


STAFF TRAINING AND DEVELOPMENT

THE GAZPROM NEFT TRAINING AND DEVELOPMENT SYSTEM ENCOMPASSES ALL CATEGORIES OF EMPLOYEES AS WELL AS TARGETED GROUPS OF POTENTIAL WORKERS, INCLUDING SCHOOLCHILDREN AND UNIVERSITY STUDENTS. THE SCOPE OF TRAINING PROGRAMMES IS DETERMINED BY THE COMPANY'S STRATEGIC OBJECTIVES AND THE RESULTS OF AN EVALUATION OF THE MANAGERIAL AND PROFESSIONAL COMPETENCIES OF EMPLOYEES.

Training programmes encompassed 88% of Gazprom Neft employees in 2017. Investment in training and development totalled RUB 1.05 billion.



Underwent training in 2017

55,891
EMPLOYEES

For the training of one employee in 2017

45.9
HOURS

Investment in development and training in 2017

RUB **1.05** BN

CORPORATE UNIVERSITY

“To maintain leadership in the era of rapid changes, you need to run marathons at the speed of a sprinter. The Corporate University is like ‘sports nutrition’ for our Company”.

Kirill Kravchenko

Deputy CEO of Gazprom Neft for Organizational Affairs

The Corporate University of Gazprom Neft serves as the centre for knowledge management. It was established in 2016 and brought all training practices under one roof. The Corporate University went through a period of intensive development in 2017, increased the scope and quality of training, and gained recognition from the external expert community.

The university has a model that is unique for the corporate training market – the so-called marketplace or a services platform in a format that is similar to the services of Uber,

Airbnb, and Amazon and operates based on modern IT solutions. Such an educational system format not only makes it possible to attract external providers for training, but also establish communication between employees who need to learn and employees who can teach. This model allows Gazprom Neft to implement strategic goals in HR management taking into account the challenges seen in the era of rapid changes and big data by creating a stimulating educational environment at a major geographically distributed company.

IN 2017:

26

DEPARTMENTS

1,033

INTERNAL TRAINERS AND EXPERTS

16,000

EMPLOYEES TRAINED IN TARGET PROGRAMMES

A leader in digital transformation

At the Crystal Pyramid awards ceremony held during the 18th Summit of HR Directors of Russia and the CIS in October 2017, the Corporate University of Gazprom Neft received two awards – first place in the ‘Digital Transformation’ category and third place in the ‘Best Corporate University’ category.

The SKOLKOVO Trend Award ceremony for the best corporate and state development projects was held as part of the Winning The Hearts Forum in November. Russian Deputy Prime Minister Arkady Dvorkovich presented Gazprom Neft with an award for its partnership in creating an educational platform that supports the digital transformation of business.

“Our Corporate University is structured as a network of professional communities, as a network of teams where experts, mentors, and internal trainers are united around the heads of departments. This is what makes it possible to teach what is important for the company and blurs the boundaries between training and work, between the corporate centre and subsidiaries”.

Nikolay Dolgov

Head of the Staff Development and Training Office and Director of the Corporate University

The University's model envisages the training and active involvement of internal trainers in educational activities – highly qualified and motivated specialists from the Company who are ready to act as experts, speakers, internal trainers, and leaders of departments. The internal trainer movement underwent active development in 2017 and Gazprom Neft employed 743 certified internal trainers. Gazprom Neft holds special forums and a competition for the best trainer and also carries out an incentive programme for their development and training.

The Corporate University creates an educational environment within the Company that allows managers and employees to develop managerial

and vocational skills and also supports the implementation of the Company's biggest organizational projects in digital transformation, changing the corporate culture, and improving operational activities.

The departments and faculties are structured according to functional attributes and cover virtually all of the Company's activities. Each department consists of a community of internal trainers and experts working in one or more related functions and serves as a tool for identifying, preserving, and disseminating the knowledge required to solve production problems. The faculties work according to a competency-based approach – each faculty training programme is tied to a specific professional or managerial

competency. The competency-based approach enables the faculty to plan training in accordance with actual functional needs, which are determined during the evaluation of employees. The evaluation is carried out annually and serves as a reference point when compiling the targeted programme for staff development.

The University's portal launched in 2017 serves as its technological platform. Using the portal, employees can search for and obtain knowledge, pass e-courses, and communicate with colleagues and experts. A total of 85,000 courses were taken on the portal over the course of the year, pilot courses were conducted using augmented reality technologies, mobile and apps were put into operation.

FACULTIES OF THE CORPORATE UNIVERSITY



UPSTREAM FACULTY

The faculty develops the professional and technical competencies of its employees based on the projected business requirements in the short and medium term. Training takes place within the targeted modular programmes 'PRO Movement', 'Master School', and 'Best Practices in Offshore Field Development', among others. A key partner of the faculty is the Professional Growth Centre, a part of the Research and Technology Centre of the Upstream Division.

The faculty provides cross-functional training of employees. In 2017, the Company launched ShelfProject, a similar development programme for the management of offshore projects and offshore field development technologies, which includes distance courses, full-time working sessions, sessions to exchange experience with foreign experts, case studies, and business simulations. Fifty specialists from different functions and focuses completed the pilot course.

The 'Leadership 3D' programme launched in 2017 also focuses on cross-functional interaction between the 'Drilling', 'Production', 'Energy', 'Gas', and 'Geology and Development' functions. The programme utilizes new training formats: a mobile integration platform, inter-module tasks, 'manager-employee' support, etc.

"The Upstream Faculty seeks to perfect the professional and managerial skills of our employees and train unique world-class specialists for the Company".

Natalya Kayzer

Head of the Staff and Organizational Development Office within the Gazprom Neft Upstream Division

DOWNSTREAM FACULTY

“The Corporate University creates a platform on which our employees can go beyond the usual understanding of expertise and create an environment of constant development”.

Lyudmila Voronina

Head of the Downstream Division's HR Relations Office

In 2017, the Downstream Faculty carried out a large-scale assessment of the professional skills of employees in competencies they had previously studied. The assessment was conducted on more than 1,200 employees of different levels of management. Based on the results of the assessment, the faculty implemented training programmes that aim to develop competencies that are important for the Company's business in the future.

The Strategic Competencies Department opened within the Downstream Faculty during the reporting year. The Department aims to model knowledge and practical skills that will be relevant to operational activities in the future. This work is carried out jointly with the Efficiency Control Centre and the Operations Management System Development Centre.

The faculty has a career planning system that includes professional clusters and career atlases. Any employee from the division can get on the portal, select a cluster, the competence that he/she wants to develop, and the system will offer a list of training courses for which an application can be submitted.

CORPORATE FUNCTIONS FACULTY

The Corporate Functions Faculty implements programmes for employees of the corresponding unit as well as employees from all throughout Gazprom Neft in a number of areas: risk management, procurements, business process standardization, finance, and new technologies, among other areas.

A number of departments opened within the faculty in 2017. The Department of Information Technologies, Automation, and Telecommunications (ITAT) promotes new technologies and provides employees with training

on the skills required to introduce such technologies into their operational activities.

The Risk Management Department develops a culture of risk management and decision-making mentality that takes into account their analysis. In the reporting year, the department conducted 38 training programmes as well as a conference on risks.

The Procurements Department has created a complex system of employee development called the 'Procurement Institute' in partnership with Russia's leading oil and gas industry universities.

In the 2017,
the department
conducted

38 TRAINING PROGRAMMES

INDUSTRIAL SAFETY AND EFFICIENCY FACULTY

The faculty's activities encompass all the Company's employees and contractors. The content of the department's training programmes is developed in accordance with the specifics of Gazprom Neft's business and practices. Experts from different units are involved in creating the programmes. In 2017, the faculty

employed more than 400 internal trainers and experts.

The faculty also provides mandatory training on legislative requirements in occupational safety and focuses on standardizing this type of training throughout the Company.

In 2017, the Production Efficiency Department launched new areas of work: training on lean manufacturing and the 'Regular Management Practice' programme for managers, which helps managers to involve staff in work to improve industrial safety and efficiency. More than 800 managers took part in the department's programme.

“Our department was established in the spring of 2017. We decided that we will not have long training programmes, but will have so-called training before practice in which practical application follows immediately after theoretical knowledge is obtained until the proper result is produced”.

Alexander Proskurin

Director of Production Optimization Programmes
and Head of the Production Efficiency Department

MANAGERIAL AND CORPORATE COMPETENCIES FACULTY

The faculty's key tasks are to develop managerial competencies among managers, create targeted programmes for business tasks at the request of the leaders of functions and unit managers, develop internal training, and provide educational activities on topics that are important to the Company.

One of the most important areas of work for the Managerial and Corporate Competencies Faculty and for the Corporate University as a whole is the digital transformation of business. Above all, this is due both to the strategic needs of the business and the fact that the Corporate University's business model relies heavily on digital technologies.

In 2017, the Company continued work to develop management and corporate competencies on the basis of the Lominger model, which is based on the world's best management practices. Gazprom Neft continued cascading competencies in accordance with this model and integrating it into the processes of selecting, evaluating and developing staff as well as creating a talent pool.

Educational sessions

In February 2017, the Company held a series of educational sessions for key executives on digital business transformation, one of the key focuses for the development of Gazprom Neft.

The session speakers included teachers from the Spanish business school IESE, Skolkovo Moscow School of Management, and Accenture. The sessions culminated in the release of educational films for employees that provide an introduction to the future large-scale business changes related to the intensive development of IT. The educational work carried out in 2017 enabled the Company to position digital transformation as a strategic focus for business development and introduce a unified language and terminology in this field at the Company.

“The trend towards digital business transformation has been picked up by almost all the leading companies, and this is a hot new topic. The projects ‘Cognitive Geologist’, ‘Project Management Centre’, ‘Cognitive Engineering’, ‘Digital Drilling’, and ‘Production Management Centre’ are examples of initiatives in Gazprom Neft's portfolio, each of which will lead to a fundamental change in business efficiency”.

Maxim Shadura

Head of the Department of Information
Technologies, Automation, and Telecommunications
within the Upstream Division

The Company launched a targeted modular training programme titled 'Managing Partnerships', which was developed based on orders from an internal client and focuses on executives who are responsible for working with strategic partnerships/joint ventures. The importance of this task is associated with a powerful trend – joint work by major market players on complex projects. This form of business organization and interaction with other companies requires the creation of new key competencies and the systematization of processes. The 'Managing Partnerships' programme is a solution to this problem. Each of the programme's modules corresponds to the stages of the partnership's life cycle and the theory is linked to team-based project work on real challenges, which makes it possible to identify the problematic issues in corporate processes related to partnerships and to develop practical approaches to eliminating them.

The Managerial and Corporate Competencies Faculty launched a project during the reporting year for individual development tracks. As part of the project, an employee can independently develop a competency he/she chooses by solving production tasks and studying developmental materials. Some 600 employees from the Company took part in the pilot project.

EDUCATIONAL ENVIRONMENT FORUM

In December, the Company hosted the Education Environment Forum, which brought together more than 200 managers and employees from the Corporate Centre and its subsidiaries. The forum focused on digitalization and was divided into five areas of key competencies of the future – 'Digital', 'Relationships', 'Creativity', 'Collaboration', and 'Personal Efficiency', with lectures and master classes held on each theme. The Forum was attended by more than 20 heads of corporate universities of major Russian companies.

REGIONAL SALES DIRECTORATE

The Regional Sales Directorate manages a chain motor fuel sales outlets in Russia, the CIS, and Eastern Europe. The petrol stations employ roughly 20,000 employees. They are trained at a licensed training centre that includes classroom training and mobile training as part of which a specially equipped training vehicle travels to remote gas stations and conducts practical training and an assessment of the professional

skills of employees. All training centres have been equipped with mobile devices for online training since 2016.

Filling station employees annually undergo an assessment of their professional skills after which the employees who demonstrate the best results take part in a professional skills competition. Some 5,000 specialists took part in the competition in 2017.

The Directorate also organizes the 'Battle of Merchants' professional skills competition, which was held in a hackathon format in 2017 and enabled participants to fine tune their skills in the establishment of start-ups. The competition resulted in the creation of 8 digital products that solved real business problems.

Corporate Lecture Hall

In 2017, the Regional Sales Directorate and the Corporate University launched the Lecture Hall educational project, which consists of a platform that addresses topics that are important for business and are determined by the employees themselves. Lecture Hall speakers include specially invited external and internal experts. The seven lectures held last year were attended by 1,400 Company employees, while another more than 7,000 employees watched video lectures on the in-house portal.

"The Lecture Hall Project is essentially an actual start-up, which over five months has transformed from an idea with minimal efforts and funds to the most popular new training format. Employees from all Gazprom Neft units took part in it".

Olga Muzaleva

Head of the Staff Training and Development Department in the Regional Sales Directorate